

**LOUISIANA PUBLIC SERVICE COMMISSION**  
**MINUTES FROM FEBRUARY 15, 2012**  
**OPEN SESSION**

***MINUTES OF FEBRUARY 15, 2012 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN PINEVILLE, LOUISIANA. PRESENT WERE CHAIRMAN FOSTER CAMPBELL, VICE CHAIR JIMMY FIELD AND COMMISSIONERS LAMBERT BOISSIERE, ERIC SKRMETTA AND CLYDE HOLLOWAY. ALSO PRESENT WAS EVE KAHAO GONZALEZ.***

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Open Session of February 15, 2012, convening at 9:07 A.M. and adjourning at 12:31 P.M., Granberry Conference Center, 1140 College Drive, Pineville, Louisiana, with the above-named members of the Commission and Secretary Eve Kahao Gonzalez.

Ex. 1            Announcements

Commissioner Holloway recognized Dwayne Cooley, an employee of his that recently retired; Sheriff elect of Rapides Parish, William Earl Hilton; Sheriff elect of Grant Parish, Steven McCain; Mayor of Pineville, Clarence Fields; State Representative Gary Brown; Representative Jim Fannin, Chairman of Appropriations Committee; President of Louisiana College, Dr. Joe Aguillard; and Head of Political Science Department, Dr. Henry Robertson as being in attendance.

Commissioner Skrmetta directed staff to 1) Research administrative rules for non-compliant utilities regarding receivership; and 2) Become more involved and proactive in servitude issues. He further directed utilities to notify the Commission of any outside litigation they are involved in that may affect the PSC and its jurisdiction.

Commissioner Campbell recognized his son, Nicholas, as being in attendance.

Ex. 2            Election of LPSC ERSC Representative for 2012

On motion of Commissioner Field, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to elect Commissioner Skrmetta as the 2012 ERSC representative.

Ex. 3            **T-32125** - Louisiana Public Service Commission vs. W. S. "Red" Hancock, Inc. (Bentonla, Mississippi). In re: Alleged violation of Louisiana Revised Statutes Title 45:161 through 180.1 as amended, by operating beyond the scope of authority granted in LPSC number 7604 on twenty-four counts; allegedly occurring on or about September 28, 2011 through September 30, 2011.

**In re: Discussion and possible vote on Stipulated Agreement pursuant to Rule 57.**

On motion of Commissioner Field, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to take this matter up pursuant to Rule 57.

On motion of Commissioner Field, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to accept Staff Recommendation and adopt the agreement, dated February 3, 2012, wherein the Carrier agreed to plead guilty and agreed to pay a fine of \$1,000.00, per count, with \$500.00 per count being suspended, conditioned on W.S. "Red" Hancock, Inc., not committing any additional violations within the following 12 months, from the date of the order entered by the Commission and agreed that the unsuspended portion of the fine and the citation fee, for a total of \$12,025.00, would be paid within 15 days of the issuance of the Order herein.

Ex. 4            **R-32141** - Louisiana Public Service Commission, ex parte. In re: Discussion and possible vote at the December 14, 2011 Business and Executive Session, Proposed General Order regarding the superseding of General Order dated October 11, 2010 and further supplementing General Order dated May 30, 2008 and General Order dated June 30, 1974, pertaining to Common and Contract Carriers of Passengers and Dispatch Taxicab Carriers under the jurisdiction of the LPSC, establishing rules, standards and registration for vehicles and their operators and further to adopt a Proposed Passengers Bill of Rights.

**In re: Discussion and possible vote on Proposed Amendments to General Order.**

Commissioner Skrmetta offered a motion to accept the amendments to General Order dated December 28, 2011 as read into the record, with the following change to the exemption under Section I(B)(3)(a)(i)(1) and Section I(B)(3)(b)(i) to read: "An exemption may be applied by the LPSC for any vehicle when the LPSC informs the Business Entity in writing that the subject vehicle may operate under this exemption, provided that said vehicle has a valid state inspection sticker and has passed inspection by the criteria established by the PSC." Commissioner Boissiere seconded this motion; however Commissioner Field objected and offered a substitute motion to make this rule effective in Orleans and Jefferson Parishes only. Commissioner Holloway requested that Commissioner Field amend his motion to include Plaquemines, St. Charles, St. John, St. Tammany and St. Bernard in addition to Orleans and Jefferson Parishes. Commissioner Field accepted this amendment.

Commissioner Boissiere then offered a substitute motion, with Commissioner Skrmetta seconding, to pass this item to next month; however this motion failed 3 to 2.

On motion of Commissioner Field, seconded by Commissioner Holloway, with Commissioner Campbell concurring and Commissioners Boissiere and Skrmetta objecting, the Commission voted to accept Commissioner Skrmetta's amendments to the Staff Recommendation read into the record and to apply the entire Order as amended for the following parishes only: Plaquemines, St. Charles, St. John, Jefferson, Orleans, St. Tammany and St. Bernard.

Ex. 5            **U-30202** - Nezpique Gas Systems, Inc., ex parte. In re: Application for an Increase in the Rates for Gas Service, Acadia Parish, Louisiana.

**In re: Discussion and possible vote regarding Application for Increase in Rates pursuant to Rule 57.**

On motion of Commissioner Holloway, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to take this matter up pursuant to Rule 57.

On motion of commissioner Holloway, seconded by Commissioner Campbell, with Commissioners Field and Boissiere concurring and Commissioner Skrmetta objecting, the Commission voted to accept the Staff Recommendation with one modification: The residential rate be increased from \$10 to \$12.75, instead of the Staff recommended rate of \$10 to \$10.75.

Ex. 6            **U-31099** - Entergy Gulf States Louisiana, L.L.C., ex parte. In re: Application to flow through to retail rates the retail effects of credits and payments resulting from FERC Opinions Nos. 468 and 468-A and related orders.

**In re: Discussion and possible vote on Uncontested Proposed Stipulated Settlement.**

On motion of Commissioner Field, seconded by Commissioner Boissiere, with Commissioners Campbell and Skrmetta concurring and Commissioner Holloway objecting, the Commission voted to accept the Staff Recommendation and adopt the uncontested proposed stipulation as filed into the record on January 26, 2012.

Ex. 7            **U-31947** - Concordia Electric Cooperative, Inc., ex parte. In re: Application for Adjustment in Retail Rates.

**In re: Discussion and possible vote on Uncontested Proposed Stipulated Settlement Agreement.**

On motion of Commissioner Holloway, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to accept the Staff Recommendation and adopt the stipulated settlement entered at the hearing held February 1, 2012 in this matter.

Ex. 8            **U-32207** - Mo-Dad Utilities, LLC., ex parte.. In re: Application for Increase in Sewer Rates for the Paradise Point Sewer system and Request for Interim Rate Relief.

**In re: Discussion and possible vote on Interim Rate Increase for Paradise Point Sewer System.**

**At the request of Commissioner Skrmetta.**

On motion of Commissioner Skrmetta, seconded by Commissioner Field, and unanimously adopted, the Commission voted to authorize an interim rate increase from \$15.00 to \$22.00 per

month, for six (6) months, subject to refund and protective bond or security.

- Ex. 9            **U-32210** - South Louisiana Electric Cooperative Association, D/B/A SLECA, ex parte. In re: 2012 FRP Annual Report for test year ending November 2011, pursuant to Order U-31835.

**In re: Request to hire outside consultant.**

On motion of Commissioner Field, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to accept Staff Recommendation and retain J. Kennedy & Associates, Inc. to assist Staff in this matter for a budget of \$24,700 plus expense of \$1,200; for a total budget not to exceed \$25,900.

- Ex. 10           **U-32222** - Washington-St. Tammany Electric Cooperative, Inc. (WSTE), ex parte. In re: Petition for Expedited Approval of Power Supply and Services Agreement Extension.

**In re: Request to issue RFP for outside consultant to assist Staff in this matter.**

On motion of Commission Skrmetta, seconded by Commissioner Field, and unanimously adopted, the Commission voted to authorize Staff to issue an RFP for outside consultant to assist Staff in this matter.

- Ex. 11           **U-32224** - Claiborne Electric Cooperative, Inc., ex parte. In re: Petition for Expedited Approval of Power Supply and Services Agreement Extension.

**In re: Request to issue an RFP for outside consultant to assist Staff in this matter.**

Commissioner Campbell made a motion to authorize Staff to issue an RFP for outside consultant to assist Staff in this matter. Commissioner Field seconded this motion. Commissioner Holloway offered a substitute motion to consolidate the bids for Claiborne and WST; however that motion failed for lack of a second.

Therefore, on motion of Commission Campbell, seconded by Commissioner Field, and unanimously adopted, the Commission voted to authorize Staff to issue an RFP for outside consultant to assist Staff in this matter.

- Ex. 12           **R-26018** - Louisiana Public Service Commission, ex parte. In re: Determination as to whether the Commission should issue a General Order asserting jurisdiction over the certification of utility transmission projects and the determination of whether these projects are in the public interest.

**In re: Report on Status.**

The Commission received a report from Special Counsel on the status of Docket No. R-26018 regarding whether the Commission should exercise its certification and siting authority for the construction, by electric utilities, of bulk transmission in Louisiana. The Commission directed that a draft General Order regarding the exercise of that jurisdiction be published in the Commission's Official Bulletin, that comments be received by all interested parties and that one or more technical conferences be conducted. At the end of that process the Staff should report back to the Commission.

- Ex. 13           **R-29380 Subdocket B** - Louisiana Public Service Commission, ex parte. In re: An Investigation Into the Ratemaking and Generation Planning Implications of the U.S. EPA Clean Air Interstate Rule.

**In re: Discussion regarding revised compliance strategies of electric utility providers in light of the DC Circuit's stay of CSAPR and reinstatement of CAIR.**

**At the request of Commissioner Holloway.**

On motion of Commissioner Field, seconded by Commissioner Skrmetta, with Commissioners Campbell and Boissiere concurring and Commissioner Holloway temporarily absent, the Commission voted to go into Executive Session pursuant to R.S. 42:17.

On motion of Commissioner Skrmetta, seconded by Commissioner Field, and unanimously adopted, the Commission voted to come out of Executive Session.

- Ex. 14      **R-31891** - Louisiana Public Service Commission, ex parte. In re: Review and Update of the Regulations and Guidelines of the Louisiana Public Service Commission Applicable to Customer Owned Coin Operated Telephone Service Providers and Alternate Operator Service Providers.
- In re: Discussion and possible vote to hire outside consultant.**
- On motion of Commissioner Campbell, seconded by Commissioner Field, and unanimously adopted, the Commission voted to retain the consulting firm of Wood & Wood to assist Staff in this matter for a budget of \$31,500 plus expenses not to exceed \$2,400 for a total budget not to exceed \$33,900.
- Ex. 15      Entergy Gulf States L.L.C. Fuel Adjustment Clause Audit for TY 2005-2009.
- In re: Discussion and possible vote to hire an outside consultant.**
- Commissioner Field made a motion to retain J. Kennedy & Associates, Inc. This motion died for lack of a second.
- Commissioner Skrmetta offered a substitute motion to retain Exeter Associates, Inc. to assist Staff in this matter. Commissioner Boissiere seconded this motion. By a vote of three to two, with Commissioners Boissiere, Skrmetta and Holloway concurring and Commissioners Campbell and Field objecting, the Commission voted to retain Exeter Associates, Inc. for a budget of \$73,500 plus expenses not to exceed \$6,000 for a total budget not to exceed \$79,500.
- Ex. 16      Request for authorization to issue RFP for outside consultant to assist Staff in DEMCO upcoming filing regarding a purchase power agreement with Cleco.
- On motion of Commissioner Skrmetta, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to authorize Staff to issue and RFP for outside consultant to assist Staff in this matter.
- Ex. 17      Discussion regarding subsidization of net metering costs by non-net metered electric utility customers.
- At the request of Commissioner Holloway.**
- Comments were heard by Mike Heinen, General Manager of Jeff Davis Electric Cooperative; Casey DeMoss Roberts, Executive Director for the Alliance for Affordable Energy; and Mark Kleehammer and Andrew Owens on behalf of Entergy Services.
- Commissioner Field directed Staff to include the issue of net metering subsidization in the ongoing rulemaking regarding net metering, Docket R-31417.
- Ex. 18      Directive to Staff to open a rulemaking to consider possible modification of the existing requirement that a simple interest rate of 5% be provided on customer deposits, required of customers, by utilities.
- At the request of Commissioner Holloway.**
- Commissioner Field directed Staff to require utilities to file reports showing the interest paid out on deposit refunds. Commissioner Skrmetta directed Staff to discuss with the utilities the potential consequences to reducing the interest rate.
- Ex. 19      1) Reports  
2) Resolutions  
3) Discussions
- Commissioner Skrmetta directed Staff to come back at the April B&E, or as soon as possible, with the results of their investigation on the potential for customers to opt out of smart metering programs.
- Ex. 20      **T-32200** - Louisiana Public Service Commission vs. Strike Construction, LLC (Spring, Texas). In re: Alleged violation of Louisiana Revised Statutes Title 45:161 through 180.1 as amended, by operating Intrastate without LPSC authority on forty-six (46) counts; allegedly

occurring on or about November 1, 2011 through November 30, 2011.

**In re: Discussion and possible vote on Stipulated Agreement pursuant to Rule 57.**

**At the request of Commissioner Campbell.**

On motion of Commissioner Boissiere, seconded by Commissioner Field, with Commissioners Campbell and Skrmetta concurring and Commissioner Holloway temporarily absent, the Commission voted to take this matter up pursuant to Rule 57.

On motion of Commissioner Campbell, seconded by Commissioner Boissiere, with Commissioners Field and Skrmetta concurring and Commissioner Holloway temporarily absent, the Commission voted to accept the Staff Recommendation and adopt the agreement between Staff and the Carrier, dated February 9, 2012, wherein the Carrier agreed to plead guilty and agreed to pay a fine of \$1,000.00, per count, with \$500.00 per count being suspended, conditioned on Strike Construction, LLC not committing any additional violations within the following 12 months, from the date of the Stipulation and Agreement and agreed that the unsuspended portion of the fine and the citation fee, for a total of \$23,025.00, would be paid within 15 days of the issuance of the Order herein.

Ex. 21      **U-32053** - Ascension Water Company, ex parte. In re: Request for an increase in water rates.

**In Re: Discussion and Possible Vote on Uncontested Stipulated Settlement.**

**At the Request of Commissioner Skrmetta.**

On motion of Commissioner Skrmetta, seconded by Commissioner Field, with Commissioners Campbell and Boissiere concurring and Commissioner Holloway temporarily absent, the Commission voted to accept the Staff Recommendation and approve the Term Sheet evidencing the Joint Stipulation executed by Staff and Ascension Water Company as filed into the record.

Ex. 22      Directive to Staff to open a rulemaking docket to establish a standard rate of return on equity for investor-owned electric and gas utilities. This standard will be used as the authorized return for those utilities within 180 days after it is established absent a filing and demonstration by any affected utility that a different rate is warranted. Among other factors the established standard return should take into consideration the following recent developments: stabilization of capital markets, lower interest rates and long-term treasury yields, reduced risk to utilities resulting from advance approval of major capital additions, increased use of riders allowing immediate recovery of expenditures, and the use of securitization to fund storm repairs and cancellation costs. Staff is additionally directed to issue RFPs within 30 days seeking outside consultants and counsel to assist in this docket.

**At the request of Commissioner Campbell.**

PASSED

**MEETING ADJOURNED**

The next Business and Executive Session will be held March 21, 2012 at 9:00 a.m. in Baton Rouge, Louisiana.